

**MICHIGAN STRATEGIC FUND BOARD  
SEPTEMBER 24, 2008**

**ADOPTED MEETING MINUTES**

A meeting of the Michigan Strategic Fund (MSF) Board was held on September 24, 2008 at the Michigan Economic Development Corporation (MEDC), 300 North Washington Square, Lansing, Michigan.

**MEMBERS PRESENT:** Keith Cooley; James Epolito; Linda Ewing; Paul Hodges; George Jackson; Robert Kleine; Jeff Leithauser (via phone); Richard Rassel (via phone)

**MEMBERS ABSENT:** None

**CALL TO ORDER:** Mr. Epolito called the meeting to order at 1:36 p.m.

**APPROVAL OF MINUTES:** Mr. Epolito asked for a motion to approve the August 27, 2008 meeting minutes. **Director Cooley motioned approval of the minutes. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused

**PUBLIC COMMENT:** Mr. Epolito opened the floor for public comment. There was no public comment.

**COMMUNICATION:** Nathan Ohle, Michigan Economic Development Corporation (MEDC) Board Relations Liaison, advised the Board that letters had been received from Jeff Leithauser and Richard Rassel recusing themselves from projects on the September 24, 2008 MSF Board Meeting Agenda. Mr. Ohle also provided clarification regarding the updated agenda materials distributed to each member.

**CONFIDENTIALITY REPORT:** Diane Cranmer, MEDC Bond Specialist, reported that one company under the Private Activity Bond program had requested confidentiality. The staff's report was included in the meeting packet. Ms. Cranmer also noted that some of the Board members had requested that discussion take place at this meeting regarding confidentiality prior to any action being taken. Mr. Epolito opened the floor for discussion. *Generic discussion ensued started by Ms. Ewing expressing her concerns over the issue of confidentiality and what information actually warrants confidentiality – that approving confidentiality requests really should be held to strictly proprietary information. Discussion continued about the need for a more consistent confidentiality policy to be in place to help avoid treating confidentiality as a courtesy, the need to refrain from incenting low-wage jobs, and how this can be handled moving forward. It was decided that a subcommittee would be established to review this issue more in-depth and begin working towards a resolution. Tim Konieczny of the Attorney General's office noted that as long as the parameters set forth in legislation are followed, a policy can be put in place to address confidentiality. Mr. Epolito concluded the discussion by encouraging any Board member interested in serving on that subcommittee to notify Nathan Ohle.*

**[Recused:** Richard Rassel]

Being no more discussion, **Director Cooley made a motion for approval of the confidentiality request. Treasurer Kleine seconded the motion.** The motion carried – 6 ayes; 1 nay; 1 recused.

Martin Dober, MEDC Vice President of New Markets, reported that three applicant companies under the Centers of Energy Excellence program had requested confidentiality.

**Resolution 2008-122: Confidentiality Acknowledgement – Centers of Energy Excellence: Sakti3**

Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-122. Director Cooley seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 1 recused

[Returned: Richard Rassel]

[Recused: Jeff Leithauser]

**Resolution 2008-123: Confidentiality Acknowledgement – Centers of Energy Excellence: Mascoma**

Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-123. Mr. Hodges seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 1 recused

[Returned: Jeff Leithauser]

**Resolution 2008-124: Confidentiality Acknowledgement – Centers of Energy Excellence: Swedish Biogas**

Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-124. Director Cooley seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused

**21<sup>st</sup> CENTURY JOBS FUND:**

**Resolution 2008-125: Renewal of Memorandum of Understanding between the MEDC and the MSF**

**Resolution 2008-126: Allocation of Funds for the Centers of Energy Excellence**

*Cindy Douglas, MEDC Vice President of Business Development, and Ned Staebler, MEDC Vice President of Program Administration, provided background information on these two actions.*

Ms. Douglas began by presenting to the Board a status update of the 21<sup>st</sup> Century Jobs Fund and then presented the request for action on the Administrative Budget for the upcoming new fiscal year. Mr. Staebler then presented the request for action on the allocation of funds for the Centers of Energy Excellence (COEE). *These actions are further described in Resolutions 2008-125 and 2008-126.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-125. Mr. Hodges seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused. Then, **Treasurer Kleine made a motion for approval of Resolution 2008-126. Director Cooley seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused

**Centers of Energy Excellence Applicant Approval**

*Martin Dober provided information on this action.*

Mr. Dober began by providing a brief overview of the process that had occurred to get the project to this point and also provided some background information on the program. Three applications for funding are being brought before the Board for approval. The total requested funds from these three applicants represent \$27 Million of the \$45 Million authorized under SB 1380/2008 PA 175 for the COEE Program.

The three applicants are requesting funds to establish centers focused on the following energy excellence sectors: 1) Advanced Battery - Sakti3, 2) Waste to Energy - Swedish Biogas International, and 3) Cellulosic Ethanol - Mascoma. Each applicant provided a complete application to the COEE program, including a cover letter, university support letter, and a business plan. Each went through a formal review process that included an initial technical oral interview, followed by a written review of their application materials. These materials were reviewed by the COEE subcommittee in its meeting on September 17, 2008.

**Recommendation:** All of these applicants were recommended for funding by the MEDC to the MSF COEE subcommittee. All have subsequently been unanimously recommended for funding by the subcommittee to the Board. *These actions are further described in Resolutions 2008-127, 2008-128, and 2008-129.*

[**Recused:** Jeff Leithauser]

**Resolution 2008-127: Centers of Energy Excellence Applicant Approval – Mascoma**

*Mr. Dober introduced the guests present at the meeting representing Mascoma: Bruce Jamerson, Chief Executive Officer of Mascoma; David Reed, Vice President for Research of Michigan Technological University; Kevin Korpi, Executive Director of Michigan Forest Products Council; Steve Hicks, CEO of JM Longyear; Jay Niles, Vice President of Business Development of Mascoma*

Mascoma Corporation requests \$20 Million to establish a cellulosic ethanol center in the eastern Upper Peninsula of Michigan. The facility will be constructed with a name plate capacity of 40 million gallons of ethanol per year or greater, utilizing abundant timber resources in the area as feedstock. Michigan State University and Michigan Technological University will focus on improving the supply chain for woody biomass feedstock. Requested funds will be matched by \$26 Million in grant funding from the U.S. Department of Energy. *Mr. Epolito asked Mr. Jamerson to share with the Board the sequence of investors that Mascoma has involved with this project, and also where the MEDC fits in the entire project. Mr. Jamerson listed the various investors, as well as other sources of funding they anticipated and then explained that the MSF was coming in at the tail end of the project, but at a crucial stage, as this is the final push for commercialization. Discussion continued regarding Mascoma's removal process to allow the forest environment to continue being sustainable. Being no more discussion, **Treasurer Kleine made a motion for approval of Resolution 2008-127. Director Cooley seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 1 recused*

[**Returned:** Jeff Leithauser]

**Resolution 2008-128: Centers of Energy Excellence Applicant Approval – Swedish Biogas International. (SBI)**

*Mr. Dober noted that Peter Unden, Chief Executive Officer of SBI, was out of the country but had sent a video address to the Board. Following the video message, Mr. Dober introduced the guests present at the meeting representing SBI: Dr. Michael Harris, Provost of Kettering University; Caron Wilson, Events Coordinator of Kettering University*

Swedish Biogas International, a Swedish company, requests \$4 Million to establish a waste to energy/bio-methane center at the City of Flint's Waste Water Treatment Facility. The project will draw upon 15 years of experience that SBI has in operating three waste-to-energy facilities in Sweden. Kettering University will adapt municipal vehicles to utilize bio-methane as fuel. Kettering's incubator will also serve as the initial headquarters for SBI's North American subsidiary. The C.S. Mott Foundation is contributing \$1 Million in matching funds, and Swedish agencies and companies are providing \$3 Million in matching funds to the project. *Mr. Epolito shared with the Board a few comments about his trip to Sweden and emphasized how advanced Sweden is in the field of alternative energy and also noted the great job being done by the universities involved with these projects. Mr. Epolito then asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-128. Mr. Jackson seconded the motion.** The motion carried unanimously – 8 ayes; 0 nays; 0 recused*

[**Recused:** Richard Rassel]

**Resolution 2008-129: Centers of Energy Excellence Applicant Approval – Sakti3**

*Mr. Dober introduced the guests present at the meeting representing Sakti3: Dr. Ann Marie Sastry, Chief Executive Officer of Sakti3; Dr. Christian Lastoskie, Professor at the University of Michigan; Vince Nystrom, Managing Director of Business Development of Ann Arbor Spark*

Sakti3, based in Ann Arbor, requests \$3 Million from the COEE Program to establish a center focused on next generation lithium battery technologies and processes. The proprietary technologies enable the manufacture of battery cells in Michigan, as opposed to overseas. The University of Michigan will contribute research on battery lifecycles. Sakti3 is backed by Khosla Ventures, who recently contributed \$2 Million in their Series A investment. *Discussion ensued regarding the university culture and how it has changed from education and writing research papers to taking that information steps further to the start up of companies and the commercialization of technologies.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-129. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 1 recused

#### **PRIVATE ACTIVITY BONDS - INDUCEMENT:**

##### **Resolution 2008-130: Port City Castings Corporation – Norton Shores (Muskegon County) \$6,000,000 – New Financing/Manufacturing**

*Diane Cranmer provided background information on this action.*

Port City Castings Corporation is a Michigan corporation established in 2002. Located in Muskegon, the company employs 136 individuals. Port City Castings Corporation produces machined aluminum castings and sells predominately to the automobile industry as a “Tier 2” supplier. The project includes financing acquisition and installation of machinery and equipment to be located in Norton Shores. *This action is further described in Resolution 2008-130.* Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-130. Director Cooley seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 1 recused

##### **Resolution 2008-131: St. Catherine of Siena Academy – Wixom (Oakland County) \$36,000,000 – New Financing/Non-Profit**

*Diane Cranmer provided background information on this action.*

St. Catherine of Siena Academy Foundation (the “Foundation”) is a Michigan nonprofit corporation. The purpose of the Foundation is to support the organization, construction and growth of St. Catherine of Siena Academy, a nonprofit all girl Catholic high school located in Wixom, Oakland County.

The project includes financing the acquisition of land, the construction of an approximately 150,000 square foot high school facility, and the furnishing and equipping of the facility to be located in Wixom, Oakland County. Note: This project was previously induced by the Oakland County Economic Development Corporation (EDC). Because of financing requirements by the Oakland County EDC, the Foundation has requested that the project be presented to the MSF Board for approval. The Oakland County EDC has transmitted the attached letter and step-up resolution transferring their previously approved resolution inducement to the MSF. *This action is further described in Resolution 2008-131.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-131. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 1 recused

##### **Resolution 2008-132: Horizon Unlimited Environment, Inc. – Monroe (Monroe County) \$15,000,000 – New Financing/Solid Waste**

*Diane Cranmer provided background information on this action.*

Horizon Unlimited Environmental, Inc., (“Horizon”), is a Delaware corporation founded in 2000 and is owned by Melvin Center. Horizon is a tire recovery and processing company. Horizon has proprietary technology that is a cost-effective, non-destructive process by which it separates the impurities from the scrap tire and retains and extracts out the components of the tire that are valuable and marketable: oil for fuel, carbon char for energy generation and steel for construction. The results are an environmentally

friendly process that does not create any new hazardous waste or toxic emissions while permanently disposing of an ongoing solid waste. The company currently has 3 employees.

The project includes financing the purchase of land, the construction of an approximately 100,000 square foot facility, the acquisition and installation of machinery and equipment and the acquisition and installation of fixtures and furniture to be located within the Port of Monroe Industrial Park in Monroe County. *This action is further described in Resolution 2008-132.* Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-132. Director Cooley seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 1 recused

#### **PRIVATE ACTIVITY BONDS – ISSUING:**

[Recused: Jeff Leithauser]

#### **Resolution 2008-133: Regina High School – Warren (Macomb County) \$12,700,000 – Debt Financing/Non-Profit**

*Diane Cranmer provided background information on this action.*

Regina High School, Inc. was founded in 1956 by the Sisters of St. Joseph, Third Order of St. Francis. It is a Catholic, private, four year preparatory high school for girls. The school is fully accredited by the North Central Association of Colleges and Secondary Schools and is a member of the National Catholic Education Association and the Michigan Association of Non-Public Schools. Regina High School was incorporated as a nonprofit corporation in 1991. The school currently has students who reside in Macomb, Oakland, St. Clair and Wayne Counties. It is located in Warren, Michigan and employs approximately 62 individuals.

This project includes acquisition of land and existing facility, and renovation and equipping of the facility. The above project was financed with a construction loan issued by Community Central Bank in Mt. Clemens, Michigan. From the inception of the project it has been the intention to utilize bond financing as the preferred financing source for long term debt. This project received an Inducement Resolution at the April 23, 2008, MSF Board meeting. *This action is further described in Resolution 2008-133.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-133. Treasurer Kleine seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 2 recused

**Roll Call:**           **Ayes:** Keith Cooley; James Epolito; Linda Ewing; Paul Hodges; George Jackson;  
Robert Kleine

**Nays:** None

**Recused:** Jeff Leithauser; Richard Rassel

#### **PRIVATE ACTIVITY BONDS – OTHER:**

#### **Resolution 2008-134: Detroit International Bridge Company – Gateway Project Budget**

*Matthew Rick, MEDC Vice President and General Counsel, provided background information on this action.*

Staff together with the Attorney General's office has reviewed the preliminary budget submitted by the Detroit International Bridge Company and recommends approval so that the company may meet the December 4, 2008, U.S. Department of Transportation deadline for issuing the bonds. In addition, the company requests that the MSF Board waive the 60-day requirement allowing the company the option of seeking an Authorization Resolution at the Board's October 22, 2008 meeting. Staff supports the waiver of the 60-day requirement as the preliminary budget addresses the budget concerns raised by the MSF Board at its December 19, 2007 meeting. *This action is further described in Resolution 2008-134.* Mr.

Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-134. Mr. Hodges seconded the motion.** The motion carried unanimously – 6 ayes; 0 nays; 2 recused

[Returned: Richard Rassel]

[Jeff Leithauser leaves for remainder of meeting.]

### **PRIVATE ACTIVITY BONDS – ISSUING (con't.)**

#### **Resolution 2008-135: Glastender, Inc. – Kochville Township (Saginaw County) \$7,600,000 – Amendment of Authorizing Resolution**

*Diane Cranmer provided background information on this action.*

*This action is further described in Resolution 2008-135.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-135. Treasurer Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**Roll Call:**           **Ayes:** Keith Cooley; James Epolito; Linda Ewing; Paul Hodges; George Jackson; Robert Kleine; Richard Rassel  
                          **Nays:** None  
                          **Recused:** None

### **RENAISSANCE ZONES:**

#### **Resolution 2008-136: Time Extension Request – River City Developments, LLC Project City of Flint Renaissance Zone – Genesee County Historic Subzone**

*Cindy Douglas provided background information on this action.*

Rogers Foam Corporation is a Boston-based manufacturing company that has been fabricating engineered foam products for custom applications for more than 60 years. The industries served include automotive, high-tech, medical, consumer products, transportation, sports and leisure, and military. The company employs over 500 people at facilities in the U.S., Mexico, and Asia, and is ISO certified.

The property is located in the heart of downtown Flint. The building is located at 501 W. Kearsley Street and is a light manufacturing facility. The property and building have been vacant for the past five years and marginally used for storage for the previous 10 years. Due to the age and condition of the building it has remained vacant and unable to be occupied. River City Developments has offered the necessary tenant improvements to attract Rogers Foam for a lease of 42,000 square feet of manufacturing space.

The City of Flint, Genesee County, is requesting a modification to the Historic subzone in the City of Flint Renaissance Zone. The request is for a time extension on parcel number 40-13-276-013 which is currently owned by River City Developments, LLC. The time extension is for 12 years and would become effective on January 1, 2009, and end on December 31, 2023. All other property located in the subzone will still expire on December 31, 2011, with regards to Renaissance Zone benefits. *This action is further described in Resolution 2008-136.* Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-136. Director Cooley seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

#### **Resolution 2008-137: Time Extension Request – 500 Block, LLC Project City of Flint Renaissance Zone – Genesee County Flint Downtown Office Retail Subzone**

*Cindy Douglas provided background information on this action.*

Rowe Engineering Company, LLC is a 120 person engineering firm that intends to move its business to the second and third floors of the Rowe Building once the building is completed. Rowe Engineering

vacated their current facility because it was sold and the company is currently leasing space in the Genesee Business Center.

The 500 Block, LLC and Rowe Building project calls for the conversion of three vacant structures of varying heights into one 4 story mixed use building. The total size of the building at 540 South Street is 75,000 square feet with restaurant space on the ground floor, office space for Rowe Engineering on the second and third floors, and 8 loft apartments on the fourth floor. Total investment is estimated at \$20 million with a completion date of May 2009.

The City of Flint, Genesee County, is requesting a modification to the Downtown Office Retail subzone in the City of Flint Renaissance Zone. The request is for a time extension on parcel number 41-18-113-014 that is currently owned by 500 Block, LLC. The time extension is for 12 years and would become effective on January 1, 2009, and end on December 31, 2023. All other property located in the subzone will still expire on December 31, 2011, with regards to Renaissance Zone benefits. *This action is further described in Resolution 2008-137.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-137. Treasurer Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**Resolution 2008-138: Time Extension Request – Baker Uptown, LLC Project  
City of Flint Renaissance Zone – Genesee County Flint Downtown Office Retail Subzone**

*Cindy Douglas provided background information on this action.*

Wade Trim, a national engineering firm, will anchor the Wade Trim Building in the Mott Block project that calls for the redevelopment of an entire block in downtown Flint that has been vacant for the last 10 years.

The property is located in the heart of downtown Flint. Using the renaissance zone extension as a marketing tool, the developers have been able to attract both tenants and investors to the downtown location. In doing so, they have secured the necessary leases and financing to construct a new 36,000 square foot building and renovate two additional buildings totaling 31,000 square feet of space. The 36,000 square foot mixed-use building will be occupied by Wade Trim, an engineering firm; WNEM TV's Flint recording studio; four lofts; and four ground-floor incubator spaces ranging in size from 1,000 square feet to 2,500 square feet. Additionally, the developers have replaced a collapsed building with a new pedestrian plaza that will connect the alley parking to Saginaw Street. The two remaining buildings in the block will be renovated to a white box level of improvement and marketed as retail and office space.

The City of Flint, Genesee County, is requesting a modification to the Downtown Office Retail subzone in the City of Flint Renaissance Zone. Wade Trim and WNEM TV are expected to move into their space upon the completion of the project in September 2008. In addition, there are four retail/restaurant incubator spaces on the ground floor of the building that will be leased upon completion. The third floor has lofts for rent. The other two buildings in the entertainment block will be renovated by September 2009. The time extension is for 12 years and would become effective on January 1, 2009, and end on December 31, 2023. All other property located in the subzone will still expire on December 31, 2011, with regards to Renaissance Zone benefits. *This action is further described in Resolution 2008-138.* Mr. Epolito asked if there were any questions from the Board. Being none, **Treasurer Kleine made a motion for approval of Resolution 2008-138. Director Cooley seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**Resolution 2008-139: Time Extension Request – Community 1st, LLC Project  
City of Flint Renaissance Zone – Genesee County Flint Downtown Office Retail Subzone**

*Cindy Douglas provided background information on this action.*

Community 1<sup>st</sup> LLC was formed specifically to acquire and renovate two buildings in downtown Flint into one mixed-use building called the Community Foundation Building.

Due to the age and condition of the buildings, they have remained vacant and unable to be occupied. Using a renaissance zone time extension as a marketing tool, the developers have been able to attract both tenants and investors to the downtown location. In doing so, they have secured the necessary leases and financing to construct a 21,000 square feet mixed-use building. It is the City's hope that this project will be the catalyst for other building projects and companies to locate or recommit to downtown Flint. The project will be occupied by a restaurant on the ground floor, the Community Foundation of Greater Flint on the second floor, and two loft apartments.

The City of Flint, Genesee County, is requesting a modification to the Downtown Office Retail subzone in the City of Flint Renaissance Zone. The Community Foundation of Greater Flint is the primary tenant and has leased the second floor of the building for their headquarters that is located in the most visible corner in downtown Flint. The foundation is a nonprofit community foundation. The remainder of the building has yet to be leased. The time extension is for 12 years and would become effective on January 1, 2009, and end on December 31, 2023. All other property located in the subzone will still expire on December 31, 2011, with regards to Renaissance Zone benefits. *This action is further described in Resolution 2008-139.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-139. Treasurer Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

#### **TOOL & DIE RECOVERY ZONES:**

##### **Resolution 2008-140: Revocation of Existing Zone – Beckstrom Mold Technologies**

*Cindy Douglas provided background information on this action.*

Beckstrom Mold Technologies was designated with First Choice Machining Solutions as a Recovery Zone by the MSF Board on December 20, 2006, for a 15 year period of time, with an expiration of 2021.

The MEDC received written notification from First Choice Machining Solutions that Beckstrom Mold Technologies has closed and is no longer participating in the collaborative agreement. The company's decision to cease operations was due to the business challenge of competing globally and its ability to provide a quality product for much lower prices. The company was unable to obtain sufficient sales volumes to maintain operations. Unfortunately, the point was reached where the business was no longer viable and had to close.

The MEDC confirmed that the company ceased operations and notified the coalition that a recommendation would be made to the MSF Board at its September 2008 meeting to formally revoke the company's Recovery Zone designation. *This action is further described in Resolution 2008-140.* Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Hodges made a motion for approval of Resolution 2008-140. Ms. Ewing seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

##### **Resolution 2008-141: Revocation of Existing Zone – Precise Engineering**

*Cindy Douglas provided background information on this action.*

Precise Engineering was designated with the United Tooling Coalition as a Recovery Zone by the MSF Board on December 16, 2004, for a 15 year period of time, with an expiration of 2019.

The MEDC received written notification from the Vergennes Township Assessor that Precise Engineering closed its tool and die shop on January 1, 2008. Additional verification was obtained from the United Tooling Coalition that the company is no longer participating in the collaborative agreement.

In written notification to the Vergennes Township Board, the company stated its decision to cease tool and die operations was to focus on its core competency which they identified as engineering. The company believes this is the best and most profitable way it can add value to U.S. manufacturing. The company intends to remain a viable employer in Vergennes Township.

The MEDC confirmed that the company ceased tool and die business operations and notified the coalition that a recommendation would be made to the MSF Board at its September 2008 meeting to formally revoke the company's Recovery Zone designation. *This action is further described in Resolution 2008-141.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-141. Mr. Jackson seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

#### **Resolution 2008-142: Request to Join Existing Zone – ITS Manufacturing Solutions**

*Cindy Douglas provided background information on this action.*

ITS Manufacturing Solutions, LLC was registered in the State of Michigan in January of 2008 and received its business license from the City of Walker and began operations in June 2008. Initially, 7 employees were hired to start operations. Current employment is 12 employees and the company plans to increase its employment to more than 40 employees over the next two years. Since opening in June, the company has contracted for several tryout and repair jobs. Tool and die revenues through July 2008 were over \$350,000. By year end, sales are expected to exceed \$1.3 million; tool and die revenues are expected to remain in excess of 90% of total sales. Other revenues will come from press rentals and the production of stamped parts. Machining and tryout capacities are adequate for producing large tooling packages.

The company pays competitive wages with benefits. As name recognition of the company grows, it is expected that major die programs will be completely built in the facility. Currently, work has been received from other tool and die shops. Future contracts are expected from tier one parts manufacturers. By joining a coalition, the company expects an accelerated entry into markets that would otherwise be restricted for a significant period of time due to a limited sales staff and the short history of the company.

The MEDC has received a request from the West Coast Tooling Coalition to allow ITS Manufacturing Solutions, located in Walker, Kent County, to join their existing Recovery Zone that was designated by the MSF in 2005, effective January 1, 2006. ITS Manufacturing Solutions has obtained approval from the City of Walker for a 12 year Recovery Zone, effective January 1, 2009, with an expiration of 2020. The West Coast Tooling Coalition has agreed to allow ITS Manufacturing Solutions to join the coalition. There was a unanimous vote to accept ITS Manufacturing Solutions as a member. *This action is further described in Resolution 2008-140.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-140. Treasurer Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

#### **Resolution 2008-143: Request to Join Existing Zone – Plasco Corporation**

*Cindy Douglas provided background information on this action.*

Plasco Corporation has been in operations since 1986 and has been in the tool and die business for two generations. The company is located in two adjacent facilities and is ISO and AS certified. Plasco manufactures automotive, aircraft tools, dies and fixtures. Its major customers include General Motors, Chrysler, Ford, Honda, Boeing and a number of Tier One suppliers.

Products include, but are not limited to, fixtures and gages, floor assembly jigs, stretch blocks, rivet jigs, aluminum parts, and titanium parts. The ability to work on large scale projects, such as Boeing aircraft, has allowed the company to begin diversifying its operations from the auto industry. The company will continue on this plan hoping that the auto industry turns itself around in the coming years.

The MEDC has received a request from the Capital Area Tooling Partnership to allow Plasco Corporation, located in Romeo, Macomb County, to join their existing Recovery Zone that was designated by the MSF Board in 2006, effective January 1, 2007. Plasco Corporation has obtained approval from the Village of Romeo for a 10 year Recovery Zone, effective January 1, 2009, with an expiration of 2018. The Capital Area Tooling Partnership has agreed to allow Plasco Corporation to join the coalition and is proud to support Plasco as a new partner. There was a unanimous vote to accept Plasco Corporation as a member. *This action is further described in Resolution 2008-143.* Mr. Epolito asked if there were any questions from the Board. Being none, **Mr. Jackson made a motion for approval of Resolution 2008-143. Director Cooley seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) - JOB CREATION:**

**Resolution 2008-144: Palm Plastics (City of Morenci) - \$2,900,000**

*Mary Kramer, MEDC Acting CDBG Manager, provided information on this project.*

Palm Plastics, Ltd. was formed in 2003 and is the world's largest producer of plastic pallets. The company also produces plastic consumer products such as christmas tree stands and waste baskets. The company has the capability to mold all grades of engineered plastic resins as well as plastic welding. Its sales have grown significantly as it has experienced growth in both the pallet and consumer product business. Palm Plastics, Ltd. currently employs 252 people in Morenci and anticipates hiring an additional 132 people as a result of this expansion.

Palm Plastics, Ltd. is planning an expansion and proposes to purchase 10 acres in the Morenci Industrial Park. The company plans to construct a 70,000 square foot building adjacent to their existing facility and purchase over \$5 million in machinery and equipment. In order to serve its expansion the City needs to extend public waterlines, sanitary sewer, storm sewers and industrial park roadway. The company also is requesting assistance with the purchase of machinery and equipment needed for this project.

The City of Morenci is requesting \$900,000 of CDBG assistance for needed infrastructure improvements and \$2 million dollars of CDBG funds to assist Palm Plastics, Ltd. with the purchase of machinery and equipment necessary for this expansion. *This action is further described in Resolution 2008-144.* Mr. Epolito asked if there were any questions from the Board. Being none, **Director Cooley made a motion for approval of Resolution 2008-144. Treasurer Kleine seconded the motion.** The motion carried unanimously – 7 ayes; 0 nays; 0 recused

**COMMUNITY DEVELOPMENT BLOCK GRANT – STATUS OF FUNDS:**

Ms. Kramer provided an update on the CDBG status of funds and available resources. *Mr. Epolito noted that the Governor has instructed Michigan's lobbyists in Washington, D.C. to appeal to Congress to increase our CDBG dollars. The amount has been decreasing over the past few years.*

**PROPOSED 2009 MEETING DATES:** Mr. Ohle informed the Board that he has confirmed that the Board will have a quorum for all twelve of the proposed meeting dates for 2009.

**DISCUSSION:** Mr. Epolito opened the floor for additional business or discussion. *Tim Konieczny of the Attorney General's office noted to the Board that there has not been an appointment to fill the vacated slot on the MSF Board, and that a quorum still consists of a minimum of six members.*

*Director Cooley acknowledged the great work of the MEDC staff, noting that everything accomplished at today's meeting could not have been accomplished without them.*

**ADJOURNMENT:** Mr. Epolito adjourned the meeting at 3:02 p.m.